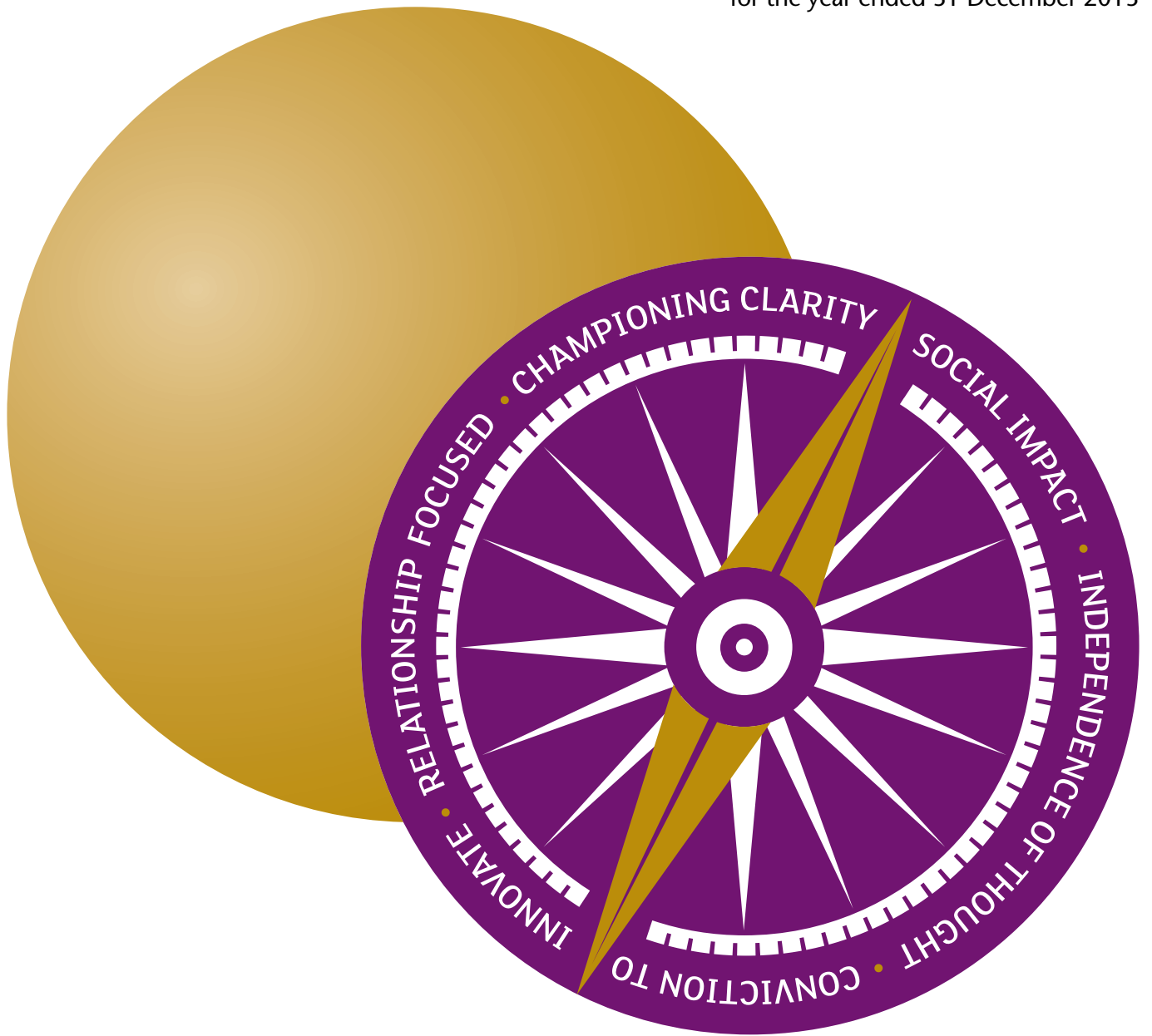


REPORT AND ACCOUNTS

for the year ended 31 December 2013

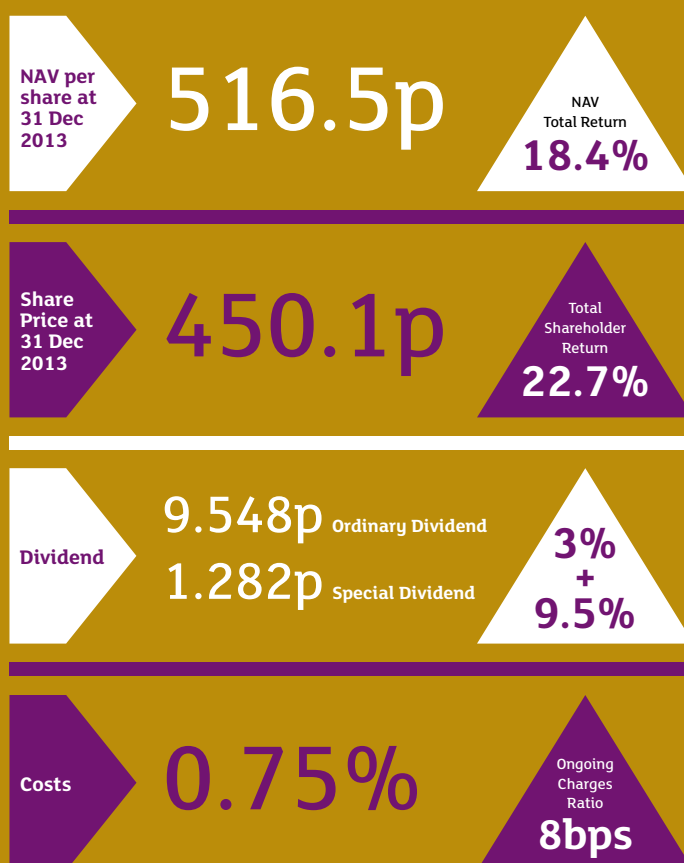


Investing for Generations

Key information

Overview	We describe our business model, strategy, activities and key performance measures.	Pg 2
Delivery on our strategy	The Chief Executive provides a brief overview of our performance and we report on how we have delivered against our strategy during the year.	Pg 10
Portfolio review	We provide analysis of the drivers of performance.	Pg 22
Governance	We explain the structure of our organisation and the role that the Directors play in ensuring good corporate governance.	Pg 40
Remuneration	We detail our remuneration policy and report on how our Directors have been rewarded over the year.	Pg 52
Financial statements	We publish the statutory accounts of the Group and Company for the year.	Pg 74

Company key facts





Introduction from the Chair

I am delighted to present Alliance Trust's 126th Annual Report. We report on our performance for the year ended 31 December 2013. We also explain our strategy, business model and long-term priorities. Our focus is on the long-term and we have set out our ambitions for Alliance Trust in our Vision 2020, as explained in this report.

The focus of the Trust has long been to deliver a combination of capital growth and a consistently rising dividend. In the year, the total return to shareholders was 22.7%. This return ranks the Trust as median within its peer group of Global trusts over one year and the Trust is also ranked above median over three years. The NAV Total Return was 18.4%, which ranked in the third quartile, while it was ranked above median over three years. In line with our dividend policy we are declaring a fourth quarterly dividend of 2.387p and a special dividend of 1.282p, giving a total dividend for the year of 10.83p, an increase of 12.5%. This is our 47th consecutive year of dividend increases, a record matched by only a handful of other listed companies. During the year our discount narrowed significantly from 15.6% to 12.9%, driven principally by increased demand for the shares. During the year we bought back 1.485m shares, or 0.3% of the opening number of shares in issue, at a total cost of £6.7m.

2014 will see voters in Scotland going to the polls to make a decision on their future, either within or outside the United Kingdom. We recognise that regardless of the outcome we have a duty of care to our shareholders, customers and employees. The main areas likely to impact our customers and our business are:

- Jurisdiction and taxation of individual savings and pension plans
- Financial services regulation and consumer protection
- Currency
- Membership of the European Union

Alliance Trust is focused on serving our shareholders and customers across the United Kingdom from our offices in Dundee, Edinburgh and London. To remove any uncertainty, we have started work to establish additional companies which will be registered in England, in order to provide operational flexibility and to complement our existing business in Scotland. This gives all our customers, regardless of their location, full confidence that we will be able to provide continuity of service and protection for their investments and savings.

We continue to focus on the creation of long-term value for shareholders through investment performance and the development of our subsidiary businesses. We will see the impact of recent regulatory change, in particular the Alternative Investment Fund Managers' Directive, which will apply to Alliance Trust along with other investment trusts from July 2014, and the Retail Distribution Review. In each case the regulators have as their objective the protection of investors and we share that concern, but regulation must also avoid imposing unnecessary costs which are ultimately borne by these same investors.

In the rest of this Annual Report, which reflects recent changes to regulation and governance best practice, we discuss all of these issues in more detail. My fellow directors and I hope you find it useful and informative. In the meantime we thank you for your continuing support of Alliance Trust.

Karin Forseke

“Our focus is on long-term value creation for our shareholders to continue to earn your trust”

For us, everything starts with trust. It is in our name and it is key to a winning long-term strategy.

Our Vision:

To be the UK's most trusted investment and savings business.

Our Mission:

In an investment world full of uncertainty and mistrust, we aim to stand out as a business that builds customer and investor loyalty through being closer to their needs and serving them in a more engaging way. Our philosophy is summed up in our name.

Alliance. We build success through building stronger, deeper, more sustainable relationships. Going the extra mile to better serve customers and investors. Finding the best possible ways to communicate clearly with all our audiences. Bringing a refreshingly warm, open and engaging manner to the world of investment.

Trust. We build trust by earning it, not asking for it. Understanding customers' and investors' needs and then delivering.

Focusing at all times on excellence and in securely growing and administering customers' and investors' wealth in a sustainable manner. Bringing genuine integrity and an open, transparent approach to how we do business. Working hard to build understanding and respect for our actions.

This is what drives us and can set us apart in the eyes of clients, customers and shareholders. This is how we build loyalty and advocacy amongst them. This is why we are Alliance Trust.

Our Purpose:

Our purpose is to provide products and services that enable clients to create wealth and security for a more sustainable financial future.

People will do business with us because:

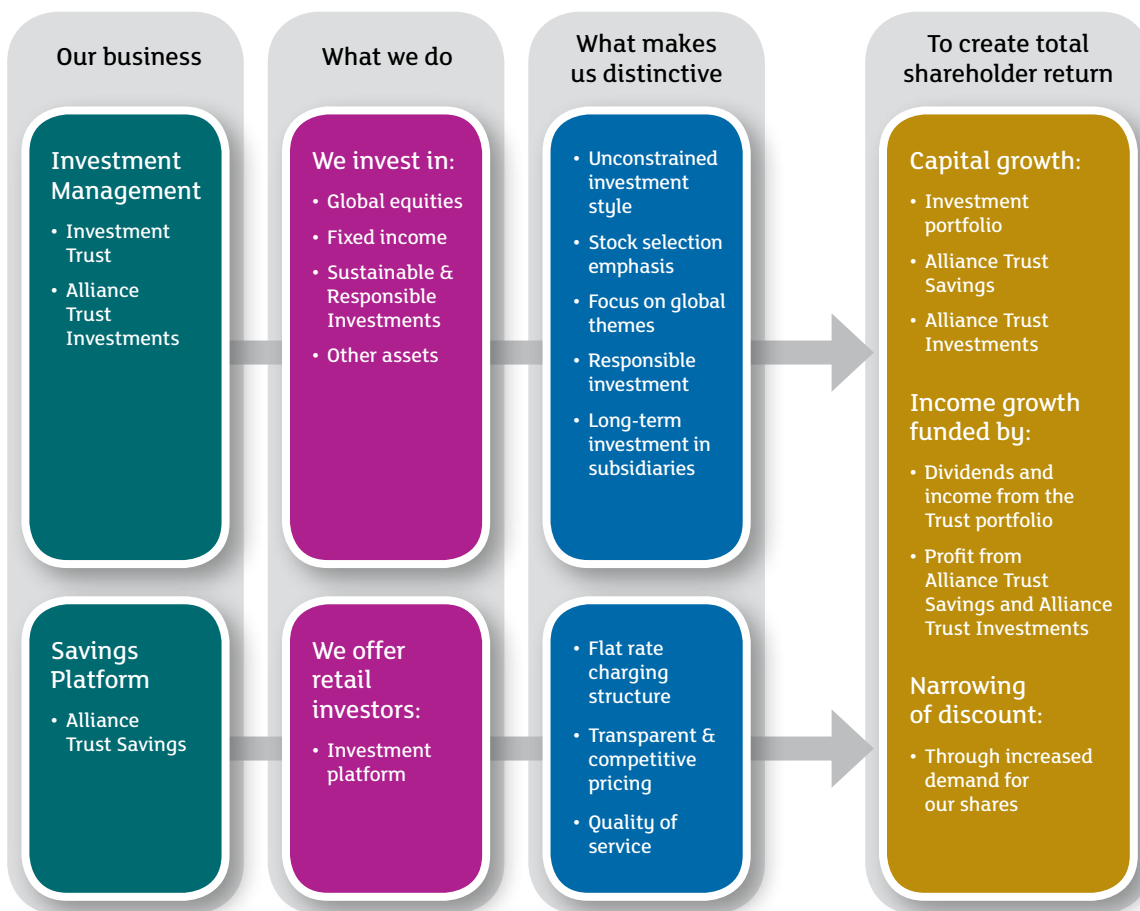
- we help them achieve long-term financial security
- we understand their needs and deliver what we say we will
- we offer a 'best value', easy to use platform
- we have a clear investment focus and grow wealth in a sustainable manner
- we provide strong thought leadership and our values are central to everything that we do
- we are easy to do business with – we have ethical and transparent processes and we produce high quality information to make informed choices

Business Model





Alliance Trust's business model as a self-managed investment trust is focused on maximising the return on our shareholders' investment while seeking to protect its value in more challenging economic conditions. We achieve this by investing in a range of assets including equities, fixed income, private equity, property and mineral rights. Unlike most other investment trusts we have developed investment management and savings platform businesses to generate capital growth and, in time, dividend income. Through borrowing we can enhance returns when market conditions permit.

Alongside the Alliance Trust portfolio our fund managers also invest third party funds in equities and fixed income through our asset management subsidiary, Alliance Trust Investments. Our savings platform subsidiary, Alliance Trust Savings, provides an investment platform to the private investor both directly and through intermediaries.

How we create value for shareholders



To find out more about:

<p>Our strategy</p> <p>Go to pages 4 to 7</p> 	<p>Our values and priorities</p> <p>Go to pages 11 to 20</p> 	<p>Our KPIs</p> <p>Go to pages 8 and 9</p> 	<p>Risks to our business</p> <p>Go to pages 36 to 39</p> 
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Where we are now...

The Trust is strong and performing consistently. Our share price has risen and our discount is narrowing. The changes made to our investment process in 2012 are now embedded and the global team is settled and working hard to deliver strong long-term investment performance.

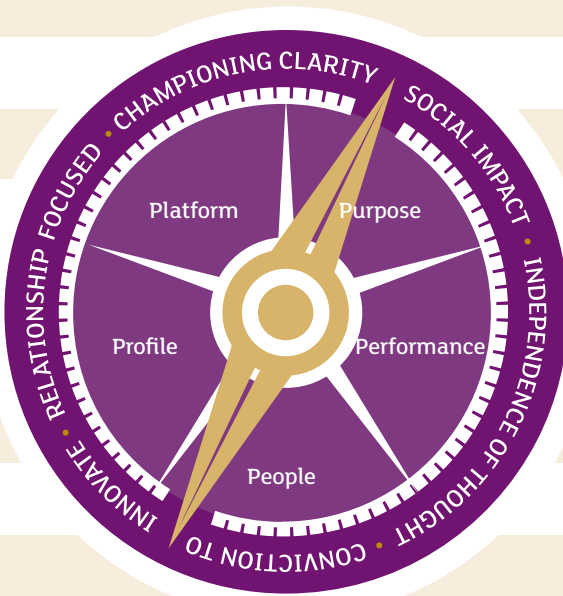
Alliance Trust Savings has been restructured; the business simplified, returned to profit and is now well positioned to capitalise on opportunities as a result of the Retail Distribution Review.

Alliance Trust Investments has come a long way in a short time and weathered tough market conditions. It now has £2.2bn of Assets Under Management and three distinct offerings in Global Equities, Sustainable and Responsible Investment (SRI) and Fixed Income. The SRI investment team and funds were integrated seamlessly and are already attracting new business.

At the same time we have transformed our business, streamlining, simplifying, and creating a unified organisational structure with a shared service model. We have a common set of values and behaviours and a strong risk and control framework. We show below how our values and priorities combine to provide us with a compass to guide the way we operate our business.

Our Values

- Social impact**
Creating a sustainable future
- Independence of thought**
Challenging the norm
- Conviction to innovate**
Improving the way we do business
- Relationship focused**
Building long-term alliances
- Championing clarity**
Being clear in our messages



Our Priorities

- Purpose**
Creating wealth and security for our investors
- Performance**
Delivering strong and sustainable investment performance
- People**
Making Alliance Trust an employer of choice
- Profile**
Raising awareness of Alliance Trust among our target market
- Platform**
Building a robust operating and control framework to support growth

...and where we aim to be in 2020

With the business well positioned to grow, we have focused on what the next seven years for Alliance Trust might look like. Vision 2020 is the result of that work: it builds upon our current strengths, shows where we want to be in 2020 and the steps we need to take to get there.

By 2020 we will be widely recognised as a trusted investment and savings business. Our investment business will be a market-leading specialist, offering solutions to clients and with market-rated funds. Our savings business will have grown significantly and be delivering a strong profit stream. We will be recognised as an organisation that places customers at the heart of everything we do and that leads the market in sustainability. Our Investing for Generations strategy is focused upon ensuring that our business remains strong and profitable and enables us to help our investors, clients and

our own people to achieve prosperous financial futures. Our strategy also recognises that while profits and growth are key, with success comes a responsibility to play an important role in supporting the communities we operate in and being mindful of the impact we have on our carbon footprint. We will be an employer of choice and a sought after destination for key talent. Our shares will be in strong demand, trading at a narrower discount than our peer group, and providing a strong return on investment for our shareholders.

Vision 2020 is ambitious but attainable. The route map below that we are using to engage with our people sets out the journey ahead, but it also represents the beginning of the process, not the end. The hard work of transforming our vision into reality has already begun, and we look forward to reporting on our progress through 2014 and beyond.

▼ Extract from our internal communication of Vision 2020



Delivering our strategy

Our priorities

Purpose:

Creating wealth and security for our investors

What we did in 2013

- Increased our dividend for the 47th consecutive year
- Achieved a Total Shareholder Return of 22.7%
- Reported our highest ever year-end share price of 450.1p
- Our discount narrowed from 15.6% to 12.9%
- Achieved profitability within Alliance Trust Savings
- Sold the Full SIPP business of Alliance Trust Savings, realising a gain of £5.4m
- Completed the integration of the £1.2bn portfolio of SRI funds, and rebranded them as Alliance Trust Sustainable Future funds

Performance:

Delivering strong and sustainable investment performance

- Achieved an increase in our NAV of 18.4% and reported our highest ever year-end NAV of 516.5p
- The equity portfolio generated a gross return of 21.6%, outperforming the MSCI All Country World Index
- Alliance Trust Savings assets under administration reached £5.4bn
- 8 out of 9 Alliance Trust Investments' funds were above median over three years and 9 out of 11 over one year

People:

Making Alliance Trust an employer of choice

- Improved employee satisfaction survey ratings from 67% in 2011 to 79%
- Alliance Trust Academy initiated to further support our leadership development
- Embedded a new set of values and behaviours into all people processes, including performance management, recruitment and development

Profile:

Raising awareness of Alliance Trust among our target market

- Rebranded our business to help increase the profile of all parts of the business
- Launched our Chief Executive Blog to keep investors informed of developments across the group
- Established a SRI Hub to promote our SRI fund managers to our clients and investors as well as key industry journalists and specialists
- Alliance Trust, Alliance Trust Investments and Alliance Trust Savings all won industry awards for the quality of our products and services

Platform:

Building a robust operating and control framework to support growth

- We planned the outsourcing of the middle and back office operations of Alliance Trust and Alliance Trust Investments to take place in 2014 in order to improve efficiency and to increase scalability of our back office functions

What we will do in 2014

- Develop our subsidiaries and gain additional market share for Alliance Trust Savings
- Barring unforeseen circumstances continue our progressive dividend record
- In line with our existing dividend policy distribute all of the net revenue earnings to our shareholders

By 2020 we aim to

- Be recognised as an investment trust with a differentiated offering as a result of owning two profitable subsidiaries; Alliance Trust Investments and Alliance Trust Savings
- Maintain our record of steadily increasing our dividend

- Focus on delivering consistent outperformance through investing in a portfolio of around 100 high quality equities
- Continue to invest in fixed income to generate income for the Trust
- Grow the market share and profit of Alliance Trust Savings
- Investigate opportunities to grow assets under management and reduce the losses of Alliance Trust Investments

- Achieve consistently good investment performance, ranking in the top quartile, for our long-term investment return over the last decade

- Strive to improve our employee satisfaction survey rating
- Provide a Financial Education programme for our people to help them plan for the future
- Introduce a positive health and well being programme for our people
- Encourage our people to use their volunteering days and get involved in community projects
- Work with the Recovery Career Services to provide employment for suitable armed-forces veterans

- Be recognised as one of the UK's employers of choice

- Build on the increasing awareness of the Alliance Trust name by carrying out a number of initiatives over the year, such as launching an educational portal in conjunction with the Daily Telegraph
- Target new investors as well as existing shareholders and financial intermediaries, through a range of media aimed at the different audiences for our message that we are a trusted investment and savings business
- Establish a social media presence

- Achieve recognition by retail and institutional investors as one of the UK's most trusted investment and savings business

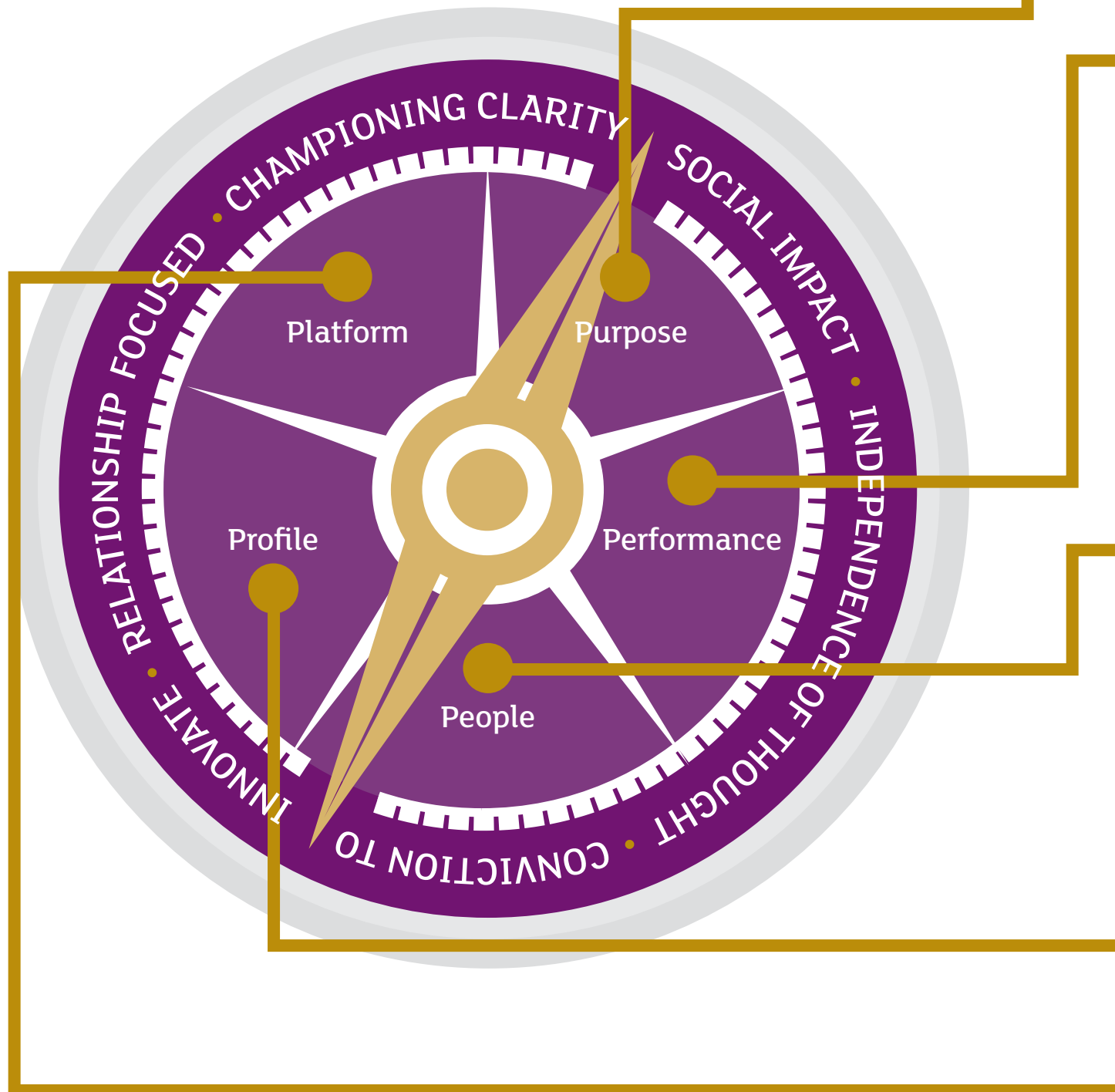
- Alliance Trust Savings will take advantage of the changes introduced by the Retail Distribution Review to target financial intermediaries and increase market share. A new pricing structure introduced in January 2014 should see increased revenue while remaining competitive against other businesses in the market
- Implement the outsourcing of the investment middle and back office functions
- Implement a new IT system for Alliance Trust Savings

- Achieve substantial growth across all parts of the business and develop sustainably profitable subsidiaries capable of paying dividends to Alliance Trust PLC

Key Performance Indicators

In addition to the financial KPIs that we show on the opposite page we also maintain a number of non-financial measures which we believe are important to the business. As part of our Vision 2020 initiative we have set a number of additional non-financial measures such as the Brand Awareness and the Company Values/Employee Engagement Index. Our 2013 performance is reported where data is available and future years' reports will provide comparative information.

The KPIs are also used to assist the Remuneration Committee in determining the rewards of our Executive Directors and senior managers as described in more detail on pages 52 to 67.



Purpose

Indicators as at 31 December 2013	1 Year	3 Year	5 Year
Total Shareholder Return (TSR)	22.7%	30.0%	79.3%
Peer group rankings (TSR) (quartile)	18/35 (median)	15/32 (2nd)	24/32 (3rd)
Dividend progression – compound annual growth			
Ordinary dividend	3.0%	4.4%	3.6%
Total dividend including Special dividends	12.5%	8.9%	5.0%
Indicators as at 31 December 2013	2013	2012	
Discount to Net Asset Value	12.9%	15.6%	

Performance

Indicators as at 31 December 2013	1 Year	3 Year	5 Year
Net Asset Value (NAV) Total Return	18.4%	22.6%	71.4%
Peer group rankings (NAV) (quartile)	24/35 (3rd)	16/32 (2nd)	22/32 (3rd)
Indicators as at 31 December 2013	2013	2012	
Company expenses	£21.5m	£18.7m	
Ongoing charges ratio	0.75%	0.67%	
Alliance Trust Savings			
• Assets under administration	£5.4bn	£4.1bn	
• Operating profit/(loss) from continuing operations	£0.4m	(£0.4m)	
• Fair valuation	£26.7m	£24.6m	
Alliance Trust Investments			
• Assets under management	£2.2bn	£1.9bn	
• Operating loss	(£4.2m)	(£6.6m)	
• Fair valuation	£12.8m	£10.1m	

People

Indicators as at 31 December 2013	2013	Financial Services Norm
Employee Engagement Index	79%	75%
Company Values Index	72%	N/A

Our annual employee survey measures engagement levels amongst our people. Their engagement can impact on business performance and customer satisfaction. This is the first year that we report on these measures and for comparison we provide the norm for comparable businesses in the sector.

With the business having undergone significant change in 2012 and 2013, we remeasured our employee engagement levels through an independent survey. The survey results were very positive – the response rate was 84%, and our group wide Employee Engagement Index score was 79% (this is an increase from 67% in 2011 when we last ran the survey).

This year we also introduced, for the first time, a Company Values Index, to track how we are living our corporate values. This index was constructed from specific questions contained in the engagement survey. The Company Values Index score was 72%, indicating that the majority of our people believe that we are doing well in putting our values at the heart of the way we do business.

Profile

To date awareness of Alliance Trust, in common with other investment trusts, has been low among potential investors. In order to take full advantage of the Retail Distribution Review, we intend to track awareness of the Alliance Trust brand among our target investors.

Platform

The Board monitors and reviews the progress of the strategically important projects undertaken during the year to improve our business effectiveness.